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MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 22nd April, 1964

S.O. 1423.—In exercise of the powers conferred by sub-section (2) of section 45 of the Banking Companies Act, 1949, the Central Government, after considering an application made by the Reserve Bank of India under sub-section (1) of that section, hereby makes an order of moratorium in respect of the Southern Bank Ltd., Calcutta for the period from the 23rd April, 1964 to the 23rd August, 1964 (both days inclusive) and hereby stays the commencement or continuance of all actions and proceedings against that banking company during the period of moratorium, subject to the condition that such stay shall not in any manner prejudice the exercise by the Central Government of its powers under clause (b) of sub-section (4) of section 35 of the said Act or the exercise by the Reserve Bank of India of its powers under section 38 of the said Act.

2. The Central Government hereby also directs that, during the period of moratorium granted to it, the Southern Bank Ltd., Calcutta shall not, without the permission in writing of the Reserve Bank of India, grant any loan or advance, incur any liability, make any investment or agree to or disburse any payment, whether in discharge of its liabilities and obligations or otherwise, or enter into any compromise or arrangement, except to the extent and in the manner provided hereunder:—

- (i) a sum not exceeding 10% of the total balance in every savings bank or current account or in any other deposit by whatever name called, provided that the sum total of the amounts paid in respect of the accounts standing in the name of any one person (and not jointly with that of any other person) does not exceed Rs. 250/-, and provided further that no amount shall be paid to any depositor who is indebted to the bank in any way;
- (ii) the amounts of any drafts or pay orders issued by the said bank and remaining unpaid on the date on which the order of moratorium comes into force;
- (iii) the amounts of the bills received for collection on or before the 22nd April, 1964 and realised before, on or after that date;
- (iv) any expenditure which has necessarily to be incurred in connection with any suits or appeals filed by or against or decrees obtained by the said bank or for realising any amounts due to it, provided that if the expenditure in respect of each such suit or appeal or decree or proceeding

is in excess of Rs. 250/- the permission in writing of the Reserve Bank of India shall be obtained before it is incurred; and

- (v) any expenditure on any other item in so far as it is in the opinion of the banking company necessary for carrying on the day-to-day administration of the banking company, provided that where the total expenditure on any item in any calendar month exceeds the average monthly expenditure on account of that item during the six calendar months preceding the order of moratorium, or if no expenditure has been incurred on account of that item in the past exceeds a sum of Rs. 250/-, the permission in writing of the Reserve Bank of India shall be obtained before the additional expenditure is incurred.

3. The Central Government hereby also directs that the Southern Bank Ltd., Calcutta may, during the period of the moratorium granted to it, make the following further payments, namely, the amounts necessary for repaying loans or advances granted against Government securities or other securities to the Southern Bank Ltd., Calcutta by the Reserve Bank of India or the State Bank of India or any of its subsidiaries or any other bank and remaining unpaid on the date on which the order of moratorium comes into force.

4. The Central Government hereby further directs that during the period of moratorium, the Southern Bank Ltd., Calcutta shall be permitted to operate its accounts with the Reserve Bank of India or with any other bank for the purposes of making the payments aforesaid provided that nothing in this order shall be deemed to require the Reserve Bank of India or any other bank aforesaid to satisfy itself that the conditions imposed by this order are being observed before any amounts are released in favour of the Southern Bank Ltd., Calcutta.

5. The Central Government hereby further directs that the Southern Bank Ltd., Calcutta may, during the period of moratorium, return any bills which have remained unrealised to the persons entitled to receive them on a request being made in this behalf by such persons, if the bank has no right or title to, or interest in, such bills.

6. The Central Government hereby also directs that the Southern Bank Ltd., Calcutta may release or deliver goods or securities which may be pledged, hypothecated or mortgaged or otherwise charged to it against any loan, cash credit or overdraft:

- (i) in any case in which full payment towards all the amounts due from the borrower or borrowers, as the case may be, has been received by the bank, unconditionally; and
- (ii) in any other case, to such an extent as may be necessary or possible, without reducing the proportions of the margins on the said goods or securities below the stipulated proportions or the proportions which were maintained before the order of moratorium came into force, whichever may be higher.

[No. F. 17(9)-BC/64.]

R. K. SESHADRI,

Director (Banking and Insurance).